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Argentina's Oilseed Output and Exports

World Beef Trade

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This week's cover:

Harvesting wheat in the Abashiri District of Japan. A relatively small crop in Japan, wheat must be imported in increasing amounts to meet burgeoning consumer demand—a demand that has contributed to Japan's becoming a $2-billion U.S. farm market this year. For a look at factors behind this record-breaking export, see article beginning page 5.

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Argentina's Oilseed Output Rises in Spite of Rains, Export Thrust Expected

By JAMES P. RUDBECK
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ARGENTINA'S OILSEED production —rebounding from last year's drought-reduced output but beset by excessive rains—may rise by 20 percent in 1973 to 2.1 million tons, a level that would meet domestic needs and permit a generous supply of oil for export.

Argentina is normally a major world supplier of both sunflower and peanut oil and also exports significant quantities of cottonseed, tung, linseed, and other oils, as well as oilseed meals.

As of early May, estimates suggest that total oil exports could rocket to 126,000 tons, dramatically reversing the declining trend of the past 2 years. In fact, total export sales of peanut and sunflowerseed oil by early May 1973 were already reportedly ahead of edible oil exports for all of 1972—a total of about 47,500 tons.

What first appeared to be a spectacular year for sunflowerseed and peanut production, however, was dampened by inundating rains early in 1973. Nevertheless, larger sowings of these crops, as well as soybeans and cotton, are likely to ensure more than adequate domestic and export supplies this year.

Of inedible oilseeds, Argentina's flaxseed crop, gathered prior to heavy rains, is up marginally from last year, although linseed oil exports could drop by a third, owing to reduced stocks. Large tung oil stocks, accumulated from the bumper 1972 harvest, may keep exports up in spite of a sharp drop in nut production this season.

Bright prospects for edible oilseed crops were generated by favorable planting conditions during September through December 1972 and an 18-percent rise in area sown to sunflowerseed, peanuts, soybeans, and cotton.

As the fall ripening period approached, however, intermittent summer rains intensified and rainfall in many areas during the first 3 months of 1973 exceeded the expected total annual accumulation. This resulted in widespread flooding, delays in the maturing of plants. lodging, resprouting, and yield losses. Moreover, machinery could not enter fields to begin harvesting.

The crop most affected by heavy rains was **sunflowerseed**, the main oilseed cultivated and the principal oil in local diets. Although the crop is grown over a wide geographical area, the heart of the sunflowerseed country is west-central Buenos Aires Province, a low-lying area hard-hit by flooding.

Both peanut and sunflower oil exports were virtually suspended during the first half of 1972, as supplies were retained for domestic use and the Government maintained pressure on rising consumer prices. The ban on sunflowerseed oil exports was lifted in March 1973 and the export retention tax reduced from 37 to 10 percent. By early May, about 23,000 tons of sunflowerseed oil had already been approved for export—the first export sales in nearly 2 years.

Larger potential supplies of cottonseed and soybean oil this year will permit more of these oils to be incorporated in local blends, thus freeing sunflowerseed oil for export, as this oil commands a relatively higher price on world mar-

kets. There are indications that the Ministry of Commerce might approve up to 30,000 tons for export in the short-run, awaiting further indication of the eventual supply before approving additional exports.

Peanut crops, concentrated in the northern Pampean Province of Cordoba, were also affected by excessive rains, resulting in resprouting, late maturing, and inability to begin harvesting. The Ministry of Agriculture estimates that planted area increased by 12 percent from area last year, but most sources place this season's acreage gain much higher, causing earliest crop expectations to be a spectacular 650,000 tons (in shell)—far above the 1965 record of 439,000 tons.

First estimates from the Ministry of Agriculture predicted a crop of 460,000 tons, still a potential record, but as harvesting had not started on a large scale by the beginning of May, trade sources considered this optimistic.

The most likely estimate, as of early May, appears to be a harvest in the neighborhood of 400,000 tons, although reports from the producing region are mixed. If achieved, this output could yield about 100,000 tons of oil this year, compared with a crush of 58,000 tons in 1972 and 82,156 in 1971.

Increased total oil supplies suggest that up to 80,000 tons of peanut oil may move into export channels this year, double the volume of the past several years. As of early May, about 25,500 tons of peanut oil had been declared for export and 7,200 tons approved for export by the Ministry of Commerce.

Peanut oil shipments were nearly halted last year by high export taxes which rendered exports uncompetitive on world markets. Pressure from crushers in Cordoba resulted in a reduction of the export tax from 38 to 10 percent in August 1972 and export sales resumed, but were subject to approval by the Ministry of Commerce.

The exact volume of peanut oil exports, as well as sunflowerseed oil shipments, was difficult to pinpoint as of early May. Normally, peanut oil is considered a residual oil locally, since sunflowerseed oil is preferred in domestic blends. When sufficient sunflowerseed oil is available for local consumption, peanut oil moves to export markets.

The movement to export markets is further encouraged by the premium usually paid for peanut oil, in contrast to sunflowerseed oil, on the international market. Also, peanut oil is not "winterized" and is not salable domestically during the winter months. If local crushing plans are to keep operating throughout the year, peanut oil must be exported.

"The ban on sunflowerseed oil exports was lifted in March and the export retention tax reduced . . . By early May about 23,000 tons of sunflowerseed oil had already been approved for export—the first export sales in nearly 2 years."

Argentina might well register a breakthrough in **soybean** production this season. This crop is fairly new to Argentina and was first sown in the northern Provinces of Tucuman, Misiones, and Santa Fe. Although soybeans gained popularity in the main grain-oilseed zone last season, drought conditions restricted major production advances.

This season, the Ministry of Agriculture estimates that plantings have mounted by a dramatic 94 percent over last year—a figure most trade sources consider to be conservative.

The persistent and heavy rains are considered to have benefited the soybean crop, which thrives on moisture and is often planted on marginal lands. As the May harvesting approached, no serious crop losses had been reported.

Consequently, the harvest was being forecast in early May at an outstanding 250,000 tons, compared with the 78,000 tons reaped in 1972, 59,000 tons in 1971, and 26,800 tons in 1970. This volume of beans could yield up to 34,000 tons of oil in 1973, versus 7,774 tons processed in 1972 and 5,455 tons in 1971.

Reportedly, producer pressures are building to permit export of soybean oil. For the time being, export retention taxes of 38 percent on both soybean and cottonseed oil limit these oils to domestic use.

Acreage planted to **cotton** surged upward 23 percent in 1972-73, compared with last season, to the highest level in many years. The Government's first estimate of raw cotton production this season unofficially placed seed output at a potential 240,000 tons, a gain of close to 40 percent over 1972. This increase is expected in spite of delays in harvesting due to rains and possibly lower lint yields. Cottonseed production at this

ARGENTINA: OILSEED AREA AND PRODUCTION [1]

Item	Average 1964-66	Average 1967-69	1970	1971	1972	1973
	1,000	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*
Area:	*acres*	*acres*	*acres*	*acres*	*acres*	*acres*
Sunflowerseed ..	2,657.8	3,220.9	3,638.1	3,988.9	3,787.3	4,200.7
Peanuts	907.1	727.5	531.5	775.9	792.9	988.4
Cottonseed	140.4	908.3	1,145.5	959.2	1,085.7	1,318.2
Soybeans	39.2	59.3	75.4	93.1	197.2	383.0
Subtotal	5,008.2	4,961.0	5,930.5	5,817.2	5,863.2	6,890.4
Flaxseed	3,191.2	2,070.5	2,353.3	2,405.0	1,331.4	1,256.5
Tung nuts	130.2	12.8	140.6	140.1	139.9	139.9
Total	8,329.7	7,114.5	7,883.5	8,362.4	7,334.4	8,286.7
	1,000 metric	*1,000 metric*	*1,000 metric*	*1,000 metric*	*1,000 metric*	*1,000 metric*
Production:	*tons*	*tons*	*tons*	*tons*	*tons*	*tons*
Sunflowerseed ..	666.3	978.7	1,140.0	830.0	828.0	[2] 850.0
Peanuts (in shell)	394.4	284.6	234.5	387.5	252.0	[2] 400.0
Cottonseed	225.9	171.6	271.6	166.8	172.7	[2] 240.0
Soybeans	16.3	24.8	26.8	59.0	78.0	[2] 250.0
Subtotal	1,302.9	1,459.7	1,672.9	1,443.3	1,330.7	1,740.0
Flaxseed	718.7	490.7	640.0	680.0	315.6	330.0
Tung nuts	108.1	103.0	148.6	110.0	[2] 140.0	36.0
Total	2,129.7	2,053.4	2,461.5	2,233.3	1,786.3	2,136.0

[1] Year shown is year in which the harvest was completed; all crops were largely sown in the previous calendar year. [2] Estimates by Office, U.S. Agricultural Attaché, Buenos Aires. Source: Ministry of Agriculture, except as indicated.

level could result in an oil output of about 30,000 tons, compared with 18,936 in 1972.

A number of other less important edible oils produced in Argentina include olive, grapeseed, corn, rapeseed, and sesameseed oil. These crops are forecast to yield a total of about 35,000 tons of oil this year, with a potential 15,000 tons available to supply the export market.

Olive oil exports are likely to expand, since production of olives for processing is slated to double. In contrast to other edible oils, canned olive oil receives special export incentives—a more favorable exchange rate and a 20-percent rebate to producers.

With a buildup in world linseed oil stocks and depressed prices over the past several years, farmers slashed their **flaxseed** plantings sharply from a peak of 3.7 million acres in 1962-63 to 1.3 million acres this season. Production edged up slightly because of favorable weather and higher yields, but at 330,000 tons, was down sharply from the 838,600 tons harvested in 1962-63 and the 680,000 tons of 2 years ago.

Linseed oil production in 1973 is likely to increase in proportion to the higher flaxseed production and is anticipated to be about 90,000 tons, versus 78,900 tons in 1972 and 249,000 tons in 1971.

Exports of linseed oil, on the other hand, are expected to decline in 1973 because the large stocks of oil accumulated over the past several years have been depleted. From the 120,000 tons exported in 1972, the 1973 volume may be off as much as one-third to total some 80,000 tons. Linseed oil exports were 206,800 tons in 1971.

The Ministry of Agriculture has placed the 1972-73 **tung nut** harvest at 36,000 tons, the lowest volume since 1951-52 and 74 percent less than last season. Three concurrent developments this season resulted in the sharp reduction in this crop, which is grown in the northeastern Province of Misiones.

First, there appears to be a production cycle of three good harvests followed by a poor one—and the past three harvests have been exceptional. These bumper harvests resulted in low prices, so that producers began culling old and less productive trees in favor of alternative crops such as soybeans.

The final development was severe frosts in late August and early September which occurred while trees were in bud, sharply reducing the prospects for good pollination. Based on the Ministry's estimate of nut production, oil output is likely to exceed 6,500 tons in 1973, versus about 27,000 tons in 1972, and 23,967 tons in 1971.

"Increased total oil supplies suggest that up to 80,000 tons of peanut oil may move into export channels this year, double the volume of the past several years."

As of January, trade sources suggest that little of 1972's oil production had yet been exported, indicating that 1973 exports would be maintained at the past 2-year levels—19,000 to 20,000 tons.

The reduced 1973 nut collection is not expected to affect exportable supplies until 1974, but prices have already begun to move up. Local interests are discouraging too sharp a rise, as it would tend to force foreign buyers to turn to alternative oils, thus possibly reducing the future demand for tung oil in importing countries.

Argentina has been a major world exporter of **oilseed meals,** but the volume of exports—over 1 million tons in recent years—has trailed off during the past several years. Production of meals has been lower, but local consumption has apparently been increasing, although only derived statistics are available. There has also apparently been an increase in exports of some meals classified as animal feeds.

With a larger oilseed crush this year, meal production is forecast to increase 25 percent to slightly over 1 million tons, compared with 792,800 tons produced in 1972 and 1,169,000 tons in 1971. Therefore, exports could advance about 10 percent from the approximate 558,000 tons exported in 1972, but below the 854,900 tons that moved to export markets in 1971.

ARGENTINA: EDIBLE OIL PRODUCTION, CONSUMPTION, AND EXPORTS [1]

Item	Average 1964-66	Average 1967-69	1970	1971	1972	1973 [2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Production:						
Sunflowerseed	223.3	323.0	368.1	294.1	288.9	280.0
Peanut	87.8	56.7	51.6	82.2	58.8	100.0
Cottonseed	26.0	20.9	35.7	20.2	18.9	30.0
Soybean	0.8	1.3	3.5	5.5	7.8	34.0
Others [4]	18.2	23.7	19.3	32.6	[3] 19.4	35.0
Total	356.1	425.6	478.2	434.6	393.8	479.0
Consumption:						
Sunflowerseed	184.3	265.9	266.2	260.5	289.8	247.0
Peanut	42.0	5.0	6.9	35.8	11.2	23.0
Cottonseed	24.9	16.6	30.0	24.8	18.1	29.0
Soybeans	0.8	1.3	3.5	5.5	6.7	34.0
Others [4]	7.9	14.8	15.4	23.8	14.1	20.0
Total	259.9	303.6	322.0	350.4	339.9	353.0
Per capita consumption:	*Pounds* 12.1	*Pounds* 13.5	*Pounds* 13.8	*Pounds* 14.8	*Pounds* 14.2	*Pounds* 14.5
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Exports:						
Sunflowerseed	37.8	56.1	101.2	36.0	([5])	30.0
Peanut	47.2	54.3	42.6	44.4	40.0	80.0
Cottonseed	0.9	4.8	1.0	0.4	([5])	1.0
Others	9.0	9.9	3.2	7.2	[3] 7.5	15.0
Total	94.9	125.1	148.0	88.0	47.5	126.0

[1] Consumption and exports do not add up to production because of changes in stocks. [2] Forecast by Office, U.S. Agricultural Attaché, Buenos Aires. [3] Estimate by Office, U.S. Agricultural Attaché, Buenos Aires. [4] Olive oil, grapeseed oil, corn oil, rapeseed oil, and sesameseed oil. [5] Not available. Source: National Grain Board for production, with exception of cottonseed and other oils, cottonseed oil production from Ministry of Agriculture. Production of other oils from Institute of Statistics and Census. Same Institute for exports. Oil consumption based on production, exports, and changes in stocks reported by National Grain Board and Institute of Statistics and Census.

U.S. Agricultural Sales to Japan Headed for $2-Billion Mark

By BRUCE L. GREENSHIELDS
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UNITED STATES AGRICULTURAL exports to Japan in the fiscal year ending this month are surging toward the $2-billion mark in an unprecedented 72-percent export gain from the previous year. And even further growth may be experienced for calendar 1973 as the Japanese continue to take advantage of favorable U.S. prices resulting from the latest currency realinements.

The second successive export record for U.S. agricultural sales in Japan, the gain also reflects Japanese concern about supply at a time of widespread agricultural shortages and a resultant effort to stockpile farm products. Moreover, rising consumer demand is boosting purchases as the country continues to pull out of its mini-recession of 1971.

Beyond 1973, however, the outlook is not quite so optimistic—in part because of the current heavy stockpiling and in part because of some lingering clouds on the horizon.

One of these is the still-extensive protection afforded to Japanese agriculture through nontariff barriers, which have greatly restricted U.S. exports to Japan of fresh oranges, other fruit and vegetables, red meat, live cattle, pulses, and other products. In addition, Japan's efforts to diversify trade continue. Joint development projects in Australia, Thailand, and other nearby countries are likely to generate increased competition for future U.S. exports of grain sorghum, corn, and other products.

U.S. agricultural sales to Japan have grown steadily over the past decade, reflecting the threefold jump in that country's import demand. However, some of the sharpest gains have occurred in the past year and a half, with shipments on a calendar year basis, expected to grow at least 40 percent in 1973 following a 33-percent gain to a record $1.4 billion, f.o.b. in 1972 (The Japanese figure for imports is $1.6 million.) This growth has been the result of both increased volume and higher world prices.

Above, Jersey cattle graze highland pasture at Kiyosato Educational Experiment Project; left, interior of barn in Tokachi District. Efforts to expand livestock output have helped boost demand for U.S. grains and soybeans.

Soybeans and their products led the list of U.S. agricultural exports to Japan in calendar 1972, earning about $380 million. They were followed, in order of importance, by corn, wheat, grain sorghum, raw cotton, cattle hides, unmanufactured tobacco, pork, tallow, fresh grapefruit, fresh lemons, and alfalfa meal. These products together accounted for over 90 percent of the total value of U.S. farm exports to Japan.

Within the group only raw cotton, tallow, and alfalfa meal failed to increase over 1971 levels.

This calendar year, with the yen some 16 percent higher than the dollar as a result of the most recent currency changes (36 percent cheaper than in mid-1971), the Japanese can merely equal their yen outlay of 1972 and receive $1.7 billion worth of U.S. farm products. This effect, plus greater import demand, has made the $2-billion

goal a reality. Lessened competition from other suppliers as a result of short crops in 1972 has also been a contributing factor.

In addition to currency realinements, the impetus to growth in Japanese imports comes from a recovery in economic expansion last year to the 10-percent rate experienced between the mid-1950's and 1970. This compares with a drop in the growth rate to 5.9 percent during Japanese fiscal year (JFY) 1971 (April-March), when a downswing in the medium-term investment cycle plus the initial revaluation of the yen sparked a short recession.

Forecasts by the Japan Economic Research Center, a private organization, have placed the real growth in GNP during JFY 1973 at 11.3 percent. However, this was based on an 8.8-percent revaluation of the yen vis-a-vis the dollar, whereas the most recent currency shifts have raised the yen's value by 16 percent.

This economic growth has further boosted consumer spending power, with disposable incomes in 1972 up to about $5,000 per urban household and $4,000 per farm household.

On the domestic side, livestock production is expected to climb 8 percent this year, which will fuel imports of **coarse grains** and other **feed ingredients.** Japan's need for coarse grains in calendar 1973 is expected to rise by 7 percent, alfalfa meal 5 percent, and soybeans 3 percent. With supplies of these products low in other major grain exporters, the United States can account for a greater share than normal of total grain imports. And for soybeans and alfalfa meal, the United States will probably maintain its already high shares—92 and 76 percent of the market, respectively.

Because its own coarse grain production is very small—and the demand for these as livestock feed is high—Japanese imports of corn and grain sorghum for feed are free of duty, as well as quantitative restrictions.

Most imported barley is used as simple animal feed, whereas imported corn, sorghum, oats, and rye go into mixed feeds. Other principal ingredients of the mixed feeds are soybean meal, wheat bran, and alfalfa meal.

In JFY 1971, 54 percent of the mixed feed production was for poultry, 26 percent for hogs, 12 percent for dairy cattle, and 8 percent for beef cattle. With the highest consumption of such feeds, the poultry and hog enterprises thus are the key factors behind demand for imported U.S. coarse grains, soybeans, and alfalfa meal that go into mixed feeds.

Japanese purchases of U.S. soybeans totaled a record 3.1 million metric tons in calendar 1972, while takings of coarse grains were 5.5 million tons and of alfalfa meal, 330,000 tons. With the Japanese Government forecasting that per capita meat consumption will double in the next decade and that production and trade patterns will continue about the same as today's, these feed ingredients should enjoy further import growth.

Japan's imports of wheat and other foodgrains are also on the rise, reflecting the consumer shift from rice.

This shift, plus steadily rising yields for rice that have partly offset acreage reductions, has created rice surplus problems in Japan. The country still has a stockpile of 1.5-2 million tons of old-crop, surplus rice at a time of rice shortages elsewhere.

EFFORTS TO DISPOSE of surplus rice have included shipments as food aid to developing countries—mainly Indonesia, South Korea, and—more recently—Bangladesh. These shipments involved 457,000 tons of Japanese rice in JFY 1972, compared with 465,000 in JFY 1971 and a peak of 790,000 in JFY 1970. They have been largely on a grant- or soft-loan basis, the latter generally having a 30-year repayment period.

On the domestic side, the surplus disposal program has included the sale of rice to feed manufacturers, totaling about 1.1 million tons in JFY 1972; other domestic industries, 180,000; and millers (for low-grade food use), 135,000. Rice sold to feed manufacturers, of course, competes with coarse grain imports.

Partly because of its rice surplus problems—and also because most wheat must be imported—Japan has dampened, although not reversed, the trend among consumers toward **wheat** products. Controls are in effect for wheat imports and prices at which wheat is sold to millers—about $100 per ton since July 1972, compared with the average import price in 1972 of $70 per ton. These controls maintain comparability between wheat and rice prices, which may be necessary to avoid more substitution of wheat products for rice.

Still, by 1972, the Japanese were consuming about 5.4 million tons of wheat, of which over 90 percent was imported. Some 2.5 million tons of the wheat imported last year came from the United States and the rest from Canada and Australia. With demand still rising, wheat imports can be expected to gain again in 1973—to about 5.3 million tons from 5.1 million in 1972.

Japan's other food imports are also restricted to protect domestic growers. On the one hand, these restrictions, often in the form of quotas and other nontariff barriers, have the net effect of

Continued on page 16

JAPANESE PRODUCTION AND IMPORTS OF SELECTED AGRICULTURAL COMMODITIES

Commodity	1972			1973 [1]		1972	1973 [1]
		Imports				Production as a share of total supply	
	Production	Total	From U.S.	Production	Imports, Total		
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Percent*	*Percent*
Rice [2] [3]	10,826	3	(4)	10,147	30	100	100
Wheat [3]	284	5,148	2,545	230	5,300	5	4
Coarse grains [5]	410	11,013	5,455	348	11,800	4	3
Soybeans	127	3,396	3,126	110	3,500	4	3
Alfalfa meal	(4)	437	330	(4)	460	0	0
Pulses [6]	269	183	37	260	200	60	57
Grapefruit	(4)	91	89	(4)	125	0	0
Oranges [6]	3,718	13	12	3,800	17	100	100
Lemons	(4)	79	79	(4)	90	0	0
Sugar	643	2,246	(4)	650	2,750	22	19
Beef [6]	295	58	1	320	100	84	76
Pork	770	68	22	825	90	92	90
Poultry meat	621	29	8	683	40	96	94
Tallow	11	255	155	12	275	4	4
Raw cotton	(4)	802	149	(4)	802	0	0
Tobacco [3]	142	60	31	147	55	70	73

[1] Forecast. [2] Milled basis. [3] State traded. [4] Less than 500 metric tons. [5] Includes corn, grain sorghum and millets, barley, oats, rye, and buckwheat. [6] Imports restricted by quotas.

WORLD BEEF TRADE PATTERNS

By LARRY E. STENSWICK
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EXPANDING VOLUME, higher prices, and new trading patterns characterize today's world trade in beef. All of the expansion, however, is taking place in beef shipped in the fresh, chilled, or frozen form. Trade in processed beef—canned or cooked/frozen—or beef exported on-the-hoof as slaughter cattle is declining and is now less than one-fourth of all world beef trade.

Most fresh, chilled, or frozen beef that enters world trade originates in the temperate, rangeland countries of the Southern Hemisphere and moves to the highly populated industrial countries of the Northern Hemisphere. (See map, pages 8 and 9). As a rule, Oceania supplies the United States and Japan, while South American beef is shipped mainly to Western Europe. This pattern is partly a result of embargoes established in the 1930's by the United States and Japan to control foot-and-mouth disease there.

Increased export availability in major exporting countries and demand in major importing countries have led to a rapid jump in beef trade volume.

The buildup of cattle numbers in exporting countries in the past several years is now being reflected in soaring slaughter levels. In both Argentina and Australia, which together account for over 40 percent of world trade, the growth of export supplies is unmistakable this year.

In Australia, beef production rose from 2.4 billion pounds in 1971 to a projected 3.4 billion pounds in 1973, while exports surged from 1.3 to possibly 2.1 billion pounds carcass weight equivalent (c.w.e.) basis in these years. Similarly, production in Argentina of 4.4 billion pounds in 1971 is expected to increase to 5.4 billion in 1973, with exports rising from 1.1 billion to 1.5 billion pounds (c.w.e.) in the period.

Argentina's sharp recovery from the 1971 low point of the traditional cattle cycle helped up exports in 1972, as did the Government policy of restricting consumption, insuring that a large share of the recovered production went to export channels.

Beef importers, on the other hand, have been unable to increase production to meet demand generated by upgraded diets due to rising disposable incomes and generally bouyant economies. In the EC-6 countries, beef and veal production in 1972 dropped substantially as less cows were culled in anticipation of the 8-percent rise in milk target prices on April 1, 1972.

About two-thirds of the EC increase in 1973 imports is expected to come from traditional suppliers such as Argentina while about one-third will come from new EC members.

Strong demand and overall lagging supplies have been reflected in world price levels. Two beef items now extensively traded—boneless, frozen, manufacturing beef and Argentine chilled cuts—are representative of the change that has occurred.

In New York, frozen manufacturing beef prices rose from an average 67.1 cents a pound in 1972 to 84 cents during the first 3 months of 1973. Argentine cuts sold in London averaged 90.9 cents a pound in 1972, advancing to $1.09 in the first quarter of 1973.

Additionally, major importing countries have lowered duties and dropped other trade barriers in an effort to increase domestic supplies. With the same intention, many exporting countries have instituted various export taxes and controls.

The integration of the EC beef and veal market is already well underway. In 1972, a new trade pattern of substantially increased exports of fresh beef from the United Kingdom and Ireland to the Continent emerged. Accession to the EC's Common Agricultural Policy has increased the floor under these new members' beef prices. The United Kingdom is also importing more frozen beef from Argentina and Australia, as consumers apparently adjust to the new higher price levels by both switching toward cheaper frozen imported products and eating less beef. Irish exports of manufacturing beef to the United States fell to less than half the previous year in 1972 as the Continent took the smaller, available supplies. A resumption of large exports to the United States is not foreseen.

BEEF AND VEAL PRODUCTION AND IMPORTS
[In billions of lb. c.w.e.]

		Production	Imports
EC-6	1971	9.7	1.0
	1972	8.8	1.5
	[1] 1973	9.1	1.6
United Kingdom	1971	2.1	.9
	1972	2.0	1.1
	[1] 1973	2.1	1.2
United States	1971	22.4	1.8
	1972	22.9	2.0
	[1] 1973	22.9	2.2

[1] Forecast

Although Japan is still a relatively small importer of beef, 1973 imports may total 375 million pounds c.w.e. Imports are up sharply from the 190 million pounds in 1972 and the 140 million pounds imported in 1971. All of the 1972 increase was supplied by Australia. New Zealand's exports to Japan actually declined in 1972.

Russia has been a sporadic purchaser of beef in world markets, but in 1970 and 1971 entered into sizable contracts with Oceania suppliers. No subsequent purchases have been made to date.

A growing proportion of world trade is now in chilled form as modern technology—vacuum packing and temperature-controlled containers—make possible ever-lengthening delivery times.

In the future, the pattern of world beef trade will continue to change in directions already becoming evident. Japan has continually increased imports of beef during the past few years. The current Japanese import quota is more than double last year's quantity and the increase will continue. Practically all East European countries are embarking on programs to increase the meat component of their food supplies, and programs are underway to increase livestock production throughout the area.

Eastern Europe formerly supplied mostly live animals to Western Europe. In the future, these exports are more likely to be in the form of meat, than of live animals.

Production and exports of beef and veal in Oceania have increased more rapidly than elsewhere in the world. These countries will continue to provide a larger share of the world's beef in response to rising demand for more beef in diets worldwide.

World Trade in Fresh, Chilled

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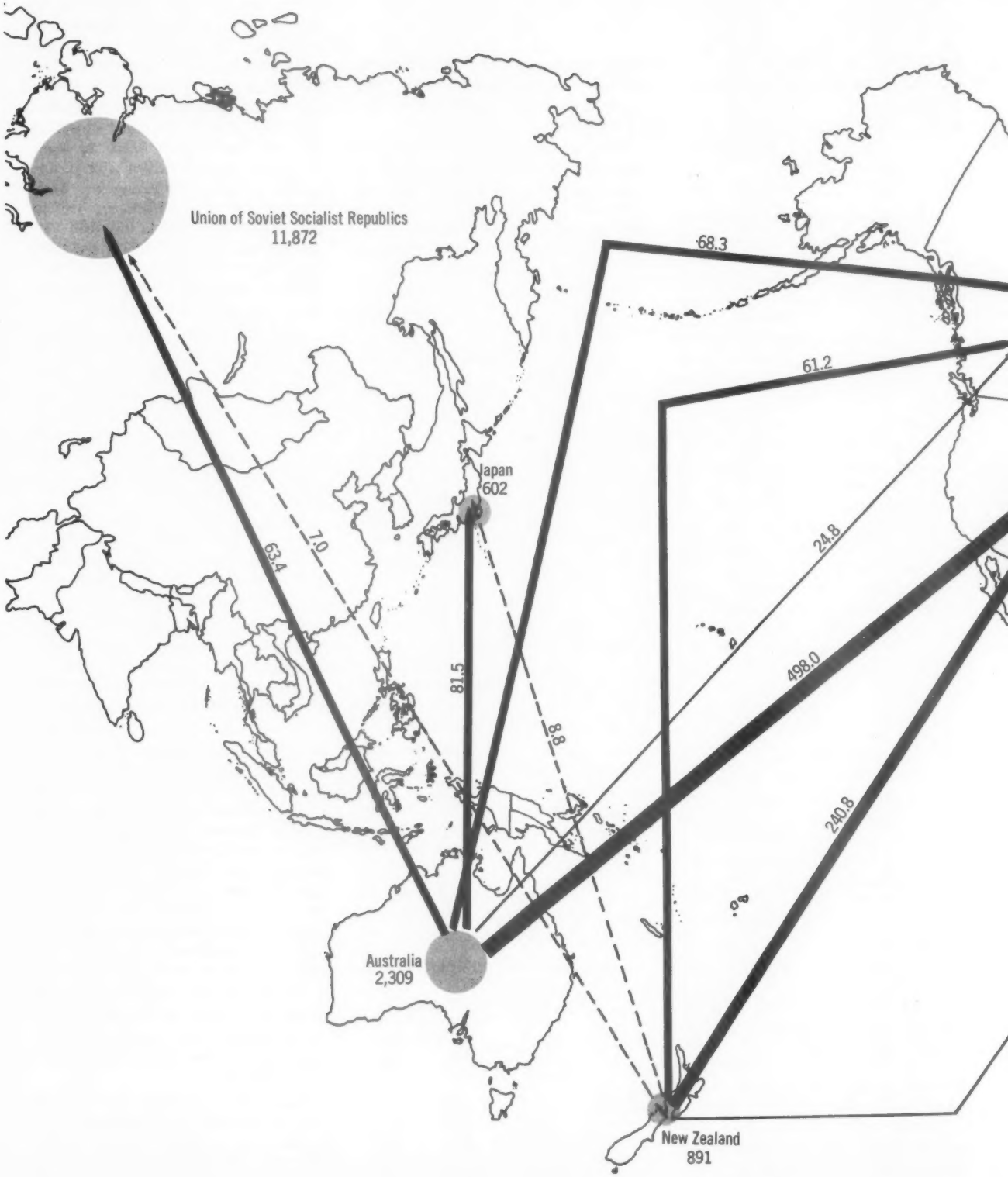

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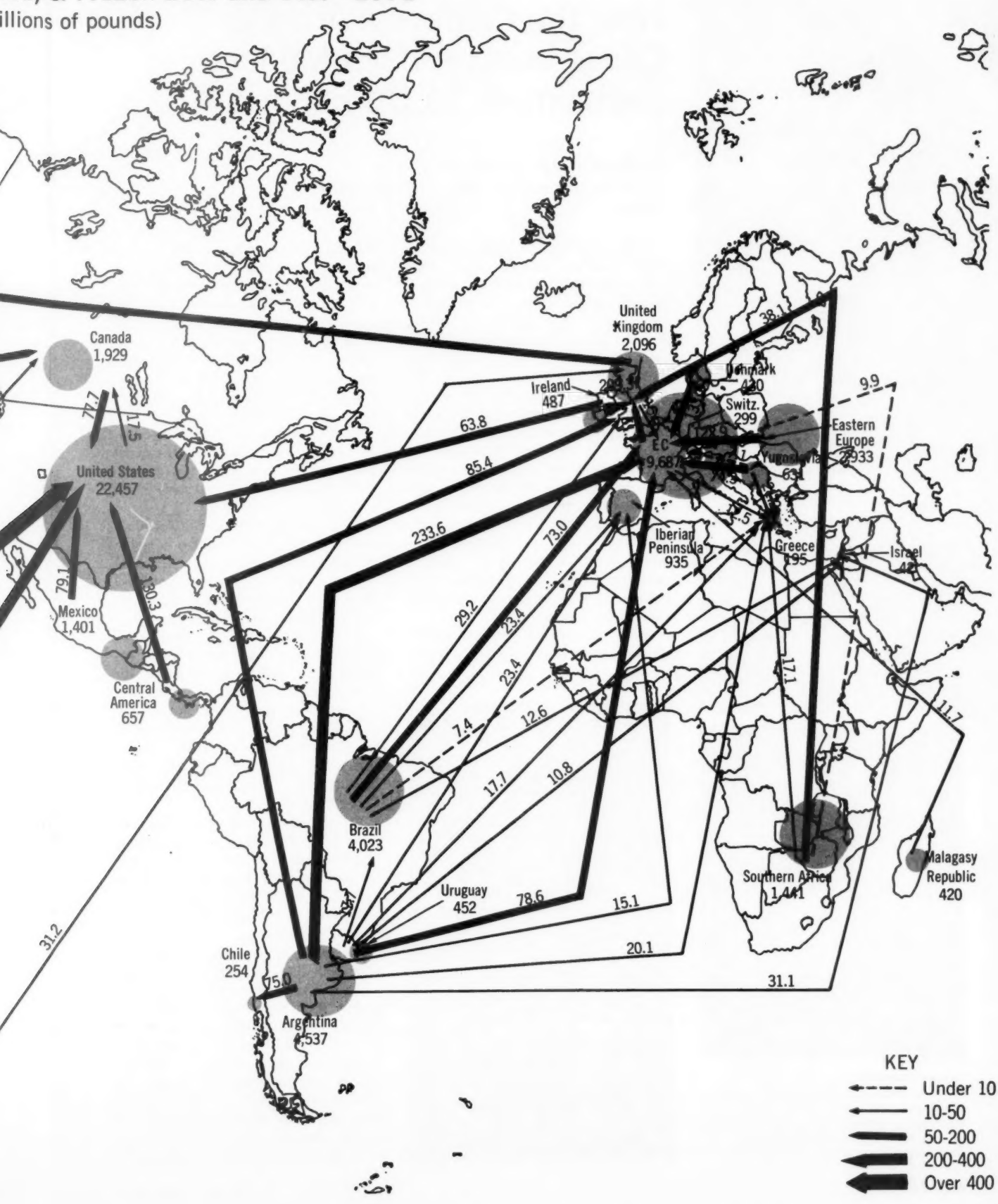


How the California-Arizona Citrus League Uses Modern Techniques To Up Exports

By FREDERIK VAN DER MONDE
California-Arizona Citrus League Representative
Europe

A REFRIGERATOR SHIP containing fresh California-Arizona citrus sails from Long Beach, California, to Rotterdam, the Netherlands, Antwerp, Belgium, and other ports of Western Europe. During the transit period, citrus prices in the main destination decline as a result of increased supply, and those in several smaller destinations rise—a situation that in the past might have meant lower-than-expected returns.

Not today, however. For while the ship is sailing, fluctuations in the major European markets are carefully noted by a specialist in Rotterdam, whose job it is to adjust the ship's orders to take maximum advantage of changing conditions. Thus, he decides to diminish quantities going to the market where prices are declining and increase those to the other outlets.

Such close attention to changing conditions is one reason why U.S. agricultural products continue to sell successfully in foreign markets, where tariff and nontariff barriers and transportation costs often start them off at a disadvantage. However, new problems continue to develop—including increasing European Community (EC) preferences to Mediterrean producers—which could well prove to be major trade obstacles in the future.

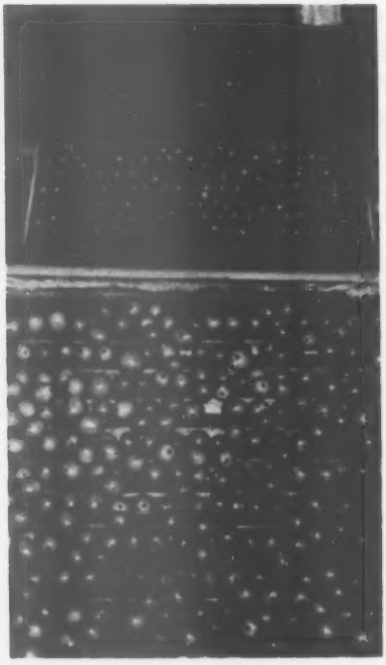
Here's how one group, the California-Arizona Citrus League, goes about penetrating this complex but increasingly important market and some of the problems it faces.

As with other U.S. agricultural products, California-Arizona citrus in recent years has been exported in increasing quantities. Nine European countries—the United Kingdom, West Germany, the Netherlands, Belgium, France, Norway, Sweden, Finland, and Denmark—as well as Japan and other Far Eastern markets are now regular outlets for such shipments, which annually earn well in excess of $120 million. These exports amount to around 28 percent of the California-Arizona citrus production, with some 40 percent of that going to European countries and 60 percent to the Far East.

In support of this trade, extensive market development promotion in cooperation with the Foreign Agricultural Service has been undertaken and an up-to-date marketing system has been established to move the imported fruit to retail outlets.

Marketing of the fruit in Europe is done both through wholesalers and direct sales to large supermarkets or retail chains. With supermarket retailing on the rise in Europe, the trend is toward direct sales. However, in two markets—Belgium and the Netherlands—the buyers are still individual wholesalers attending the auctions at Rotterdam and Antwerp, where all fruit imported into the two markets is sold.

Because of the latter countries' lim-



Top to bottom: Picking California oranges, a California citrus grove, and a washing operation for lemons. Right, washing operation for Spanish oranges reveals the irregular sizes that make them less desirable than U.S. citrus.

ited area and dense populations, even wholesalers in the more distant towns are able to attend such auctions at least once a week. Here, they vie with some 300 or 400 other wholesalers for produce, which they have first inspected in the auction sample rooms.

Once the fruit has been auctioned, the wholesalers truck it to their warehouses for sale to retailers.

This system proves efficient and beneficial to California-Arizona citrus, which because of its high quality sells readily at good prices. It also is the kind of marketing that reflects most reliably supply and demand. Moreover, through auction sales, several sizes of fruit can be sold in short time, eliminating long storage and a consequent deterioration in quality.

Because of these factors, prices obtained in Belgium and the Netherlands are very good. Belgium, for example, takes only 18 percent of the export volume but represents 26 percent of the total return. And Rotterdam is the market on which all other countries base their prices for imported fruits.

France, the largest European market for California-Arizona lemons, is an example of a country practicing the system of direct sales. Compared with the small area in Belgium and the Netherlands, France is farflung, and it would be impossible for a wholesaler in a distant corner to drive 500 miles or so to attend at least one auction a week in Paris. Thus, direct sales to the large chain stores and supermarkets have risen—a trend that coincides with the rapid growth in supermarket retailing.

Giving rise to these trends are the many alterations taking place in Europe as a result of growing affluence and changing lifestyles there. For instance, per capita disposable consumer income in the Netherlands, Belgium, and France rose to $1,487, $1,765, and $1,789, respectively, between 1961 and 1969 for gains of 128 percent, 84 percent, and 125 percent.

SUCH INCREASES HAVE made it important to find efficient and convenient means of distributing goods that people want to buy with their additional money.

The most spectacular change has been in the retailing field, where a system as archaic as it was delightful to the tourist transformed itself rapidly until today it often appears to have improved considerably on its American inspiration. To a large proportion of women, the supermarket, with its special setting and atmosphere, has superseded the attraction of the open market. Indeed, it may have added something important—a new dimension of shopping "en famille." The Saturday family supermarket trip is a new but growing feature of European life.

During the 1960's the development first of self-service selling methods and then of supermarkets, proceeded at different rates in the various countries, with the result that by 1970 trade had become far more concentrated in a small number of large units in some countries than others.

SUPERMARKETS' SHARE OF RETAIL STORE NUMBERS AND BUSINESS, 1970
(In percent of total)

Country	Share of total stores	Share of total food turnover
Belgium	7.5	44
Denmark	27	35
France	4	44
The Netherlands	42	75
Norway	32	60
Sweden	62	88
United Kingdom	24	65
West Germany	53	82

These developments, of course, have contributed to a rise in direct sales to large outlets. They also account for a focus on market development activities involving the larger stores. These activities are largely designed to convince supermarkets that handling high-quality, premium-priced California-Arizona citrus will not only produce consumer satisfaction but also provide profit margins commensurate with those of competitive fruits.

Numerous advertising and promotional programs have been used to promote California-Arizona citrus abroad, including retail incentive promotions, special events, in-store sampling and demonstrations, trade meetings, and sales and display contests. One of the most successful activities, however, has been the sponsorship of team visits to the United States.

Trade team visits, carried out jointly by the California-Arizona Citrus League and the Foreign Agricultural Service, bring some of the more important citrus buyers to visit industry growers and facilities here. Results from these visits in some cases have been spectacular.

In 1971, for instance, a team of 15 men from Belgium and France participated. The previous year, 5 percent of the California-Arizona citrus exported to France had been sold to chain stores. Now, over 45 percent is sold that way, and sales with the five chain stores represented in the team visit have grown more than 233 percent.

Last year, a Dutch trade team, representing 80 percent of the citrus purchasing power in the Netherlands, visited California. After spending 10 days in the United States observing cultural practices, packing methods, and quality control and meeting with sales officials, the team upped its purchases of California-Arizona citrus significantly.

It is hoped that a recent tour of a 21-man team from Scandinavia—Denmark, Norway, Sweden—will result in greater sales to these countries also.

DESPITE SUCH ACHIEVEMENTS, problems remain in the European market, arising in part because of restrictions on imports during some of the year and in part from EC preferences to Mediterranean producers.

In the European Community, for instance, competitive market forces apply only during May through November, while during December-April, the EC sets minimum returns to be obtained in the marketplace. If these minimum prices are not achieved, entry conditions are made more stringent. Thus, volume control is carefully exercised by suppliers during December-April in order to observe the EC minimums but then is abandoned starting in May.

This situation aggravates problems created by EC preferences to Mediterranean producers and becomes an added factor encouraging prolongation of the Mediterranean marketing season.

Although the California-Arizona marketing season for fresh oranges in Europe is less than a full year, it falls within both the EC control period and the freely competitive period. Thus, the continuity of sales of California-Arizona citrus sought by foreign supermarkets interested in maintaining a steady supply is affected not only by the preference levels which change, but also by the EC price control mechanism, which also changes.

Furthermore, competitors from the Mediterranean areas can and do invest the money they save, through preferences, in advertising and promotion. This, of course, adds to their competitive advantage and has raised the likelihood of their capturing an increased market share in the future.

CROPS AND MARKETS

New CCC Credit Interest Rates Established

Because of the increased cost to the Commodity Credit Corporation of funds borrowed from the U.S. Treasury and the rising trend in interest rates charged by commercial banks, the U.S. Department of Agriculture has announced, effective immediately, increases in interest rates for export financing under the CCC Export Credit Sales Program.

The rates for a term of 12 months or less are as follows: 7¼ percent on that portion of the obligation issued by a U.S. bank and that portion of a foreign-bank obligation confirmed by a U.S. bank; 8¼ percent on that portion of a foreign-bank obligation not confirmed by a U.S. bank.

For a term over 12 months, the rates are 7½ percent on that portion of the obligation issued by a U.S. bank and that portion of a foreign-bank obligation confirmed by a U.S. bank; and 8½ percent on that portion of a foreign-bank obligation not confirmed by a U.S. bank.

The previous rate, regardless of the term, was 6⅛ percent on U.S. bank obligations and 7⅛ percent on obligations of foreign banks.

TOBACCO

Taiwan To Increase U.S. Leaf Imports

Demand for U.S. tobacco in Taiwan is expected to remain strong through 1973 despite weakening per capita cigarette consumption. Imports of U.S. leaf should increase to a record level during the current year as the Chinese Government endeavors to narrow the total trade gap between the United States and Taiwan.

The Taiwan Tobacco and Wine Monoply proposes to increase the ratio of high-quality cigarettes in total consumption. Such cigarettes contain a relatively high percentage of U.S. tobacco.

Utilization of American tobacco was 5,647 metric tons in 1972, up 22 percent from the 4,617 ton used in 1971. This trend is expected to continue and estimates of U.S. leaf imports in 1973 are placed at approximately 7,500 metric tons.

Also contributing to the anticipated increase in demand for U.S. tobacco is declining domestic production. Taiwan's 1973 leaf production target is 15,931 metric tons, down 3 percent from the 16,417 tons produced in 1972.

Heavy Rains Damage Malaysian Tobacco Crop

Reports indicate that torrential rains in late March have extensively damaged West Malaysia's 1972-73 tobacco corp. The rains occurred in the State of Kelantan where over 75 percent of West Malaysia's tobacco is grown. About 10,000 acres of mature tobacco are believed to be affected but no estimate of yield reduction is available.

This setback comes at a time when Malaysia is expanding tobacco production. The 1972-73 tobacco acreage is estimated at 17,640 acres, up 78 percent from the 9,919 acres planted in 1971. This increase is attributed to greater private participation in tobacco cultivation as a second crop.

FRUIT, NUTS, AND VEGETABLES

West German Import Tender For Canned Cherries

The West German Government has announced a tender allowing imports of canned red cherries from the United States and Canada. Cherries may be packed with or without added sugar but must be in containers of less than 9.9 pounds net weight.

Applications for import licenses will be accepted until an unknown value limit is reached but not later than December 20, 1973. Country of shipment and country of origin must be the same.

Australia's 1973 Hops Output Up Slightly

Early estimates place Australia's recent 1973 hop harvest at 4.4 million pounds, somewhat above last season's 4.1-million-pound yield. Area continues to expand, totaling 2,667 acres in 1973. This compares to 2,308 acres a year ago and 2,247 acres in 1966.

Australia's domestic usage has demonstrated a downtrend lately despite increased production and consumption of beer. Hop utilization totaled 3.1 million pounds in 1972 compared to 3.6 million in 1971. Early forecasts place 1973 requirements at 2.9 million pounds. These figures include hop extracts converted to dry weight equivalent.

Industry members blame a lower hopping ratio, expanded usage of extracts, improved extracting procedures, and higher alpha-resin varieties for the declining demand.

Imports fell in 1972 to approximately 45,000 pounds worth $18,725, compared with the 1971 total of approximately 60,000 pounds, worth $25,000. The trade anticipates a continued gradual decline as the alpha-resin content of domestically produced hop increases.

Carryin stocks for the past three seasons have exceeded Australia's domestic needs; exports have been a major outlet for excess supplies. Foreign sales totaled 930,000 pounds in 1972, somewhat below the 1971 level of 1,042,000 pounds. As production expands, overseas sales will play a more important role in the Australian hops trade.

South African Dried Fruit Output Shows Slight Gain

South Africa reports a slightly larger 1973 dried fruit pack. Production is estimated at 23,200 short tons, 8 percent above 1972. Harvest rainfall diverted some sultanas to wine bottlers,

however, 1973 raisin production is still estimated at 16,400 tons, 18 percent above last year's crop of 13,900 tons. All of the increase was in Thompson Seedless raisins.

Production of dried peaches is estimated at 2,000 tons, prunes 1,400 tons, dried apricots 1,300 tons, dried currants 700 tons, and other dried fruit 1,400 tons.

Rain Shortage Reduces New Zealand Hops Output

Severe drought sharply reduced New Zealand's 1973 hop yield, with output totaling 768,000 pounds. This is 16 percent below last year's 913,000-pound harvest and the smallest harvest in 5 years. Because of the lowered yield, brewers will have to draw on carryover stocks. Brewery utilization for 1972-73 is placed at 845,000 pounds, with 1973-74 demand forecast at 850,000 pounds.

The 1972-73 marketing season saw the first exports of seedless hops from New Zealand. Approximately 10,200 pounds were shipped to Australia. The New Zealand trade is looking to the export market as a means of expanding production and acreage. Producers hope to complete a shift to seedless varieties over the next 10 years.

Greek Deciduous Fruit Production Higher

Greece's 1973 production of selected deciduous fruits is expected to be larger than the 1972 crop, according to the latest official forecast.

Peach production is forecast at 250,000 metric tons, compared with 238,000 tons in 1972, while the apricot crop is expected to be 12 percent larger at 45,000 tons.

Cherries should also be more plentiful in 1973. The sweet cherry crop is forecast at 26,000 tons, 18 percent above 1972. The sour cherry crop, 10,000 tons, is 3,000 tons greater than last year.

Argentine Citrus Output Up; Exports Expected To Mount

Argentina's total 1973-74 citrus production is expected to recover from the low 1972-73 level, but will still be less than that of the previous season. The 1973-74 output is estimated at 1,428,300 metric tons, compared with 1,279,000 in 1972-73, and 1,597,400 the previous season.

Exports of fresh citrus have soared during the past few years. In calendar 1972, 2.09 million boxes (37-40 lb. net) of all citrus categories were exported. Some 1.03 million boxes were exported in calendar 1971.

In 1972, the leading export market for Argentine citrus was France, which took 45 percent of total citrus shipments. The United Kingdom ranked second, taking 25 percent; the Netherlands was third with 15 percent.

During 1973, the Argentine trade expects exports of citrus to climb by at least 50 percent, provided climatic conditions remain favorable. European countries will again be the principal markets.

Exports of citrus juices totaled 2,971 metric tons in 1970, 14,798 tons in 1971, and 12,055 tons the following year. In 1972, grapefruit juice comprised 44 percent of the total and orange juice 43 percent. West Germany, the Netherlands, the United States, and Israel were major markets.

Because citrus juices are now entitled to an export rebate of 25 percent against the previous 10 percent, and the exchange rate is more favorable, the trade expects exports in the current year to exceed those in 1972 as a result of Argentina's improved competitive position.

Future exports are also expected to get a boost from a Ministry of Agriculture and Livestock program to encourage increases in citrus area by a maximum of approximately 2,500 acres per citrus-producing Province. Applicable to the Provinces of Corrientes, Entre Ríos, Misiones, Salta, Jujuy, Tucmán, and Formosa, the program grants credits of up to 50 percent of the cost of new plantings and renewals and cultivation for trees from 2 to 4 years old. Tree plantings are expected to mount by 1.4 million. These trees, in addition to regular annual increases of about 500,000 trees financed directly by producers, are expected to begin bearing by 1977.

ARGENTINA: TOTAL CITRUS PRODUCTION, BY KIND, 1971-72 THROUGH 1973-74
[In thousands of metric tons]

Variety	1971-72	1972-73	1973-74 [1]
Oranges	990.0	743.0	795.8
Tangerines	265.1	226.0	254.5
Lemons	198.6	182.0	219.2
Grapefruit	143.7	128.0	158.8
Total	1,597.4	1,279.0	1,428.3

[1] Estimated.

Mexican Pecan Production Rises for Eighth Year

Mexico's 1972 pecan crop has been placed at 33,000 short tons (in-shell basis), the eighth consecutive year in which yields have risen. Production totaled just under 7,000 tons in 1965 and has risen steadily since then.

Acreage during this period has gone from 3,300 acres in 1965 to 4,900 acres in 1969 with preliminary data placing the 1972 figure at 11,500 acres.

GRAINS, FEEDS, PULSES, AND SEEDS

Grain Exports and Transportation Trends: Week Ending June 8

Weekly grain inspections for export and grain moving in inland transportation for the week of June 8 and the previous week were:

Item	Week ending June 8	Previous week	Weekly average May	Weekly average, third quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	695	968	758	637
Feedgrains	928	696	688	690
Soybeans	190	196	268	327
Total	1,813	1,860	1,714	1,654
Inland transportation:				
Barge shipments of grain	592	360	221	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	32,205	28,631	30,619	32,271

Soviets Announce New Five-Year Grain Plan

A top official of the Soviet State Planning Organization has announced a new Soviet grain-production target for the current 5-year plan. The present aim is to produce 214 million tons of grain in 1975, compared with the original goal of 205-210 million tons.

The grain-production mark for 1971-75 has been set at 975 million tons. In view of harvests of 181 million tons and 168 million in 1971 and 1972, respectively, Soviet farmers would have to produce 214 million tons of grain both in 1974 and 1975 to meet the 5-year goal. This also assumes the 197-million-ton goal for 1973 is met.

The new grain production figure for 1975 indicates the USSR still hopes to achieve its livestock production goals during the remainder of the current 5-year-plan period and is trying to make up for below-plan grain outputs in 1971 and 1972 by adjusting output plans—at least for 1975.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 19	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	(1)	(1)	1.97
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	3.65	+13	1.86
15 percent	3.73	+14	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	3.59	+16	1.77
No. 2 Hard Amber Durum	3.86	+12	1.82
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.99	+ 7	1.43
Argentine Plate corn	3.20	− 4	1.71
U.S. No. 2 sorghum	2.79	0	1.41
Argentine-Grainifero sorghum	2.80	+ 1	1.43
U.S. No. 3 Feed barley	2.36	+ 2	1.19
Soybeans: [3]			
U.S. No. 2 Yellow	7.25	−95	3.76
EC import levies:			
Wheat [4]	(5) 1.00	− 7	1.99
Corn [6]	(5) .46	+11	1.30
Sorghum [6]	(5) .68	+12	1.35

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 23 cents a bushel lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

World Corn Crop in 1972 Near Record Level of Previous Year

World corn production in 1972 totaled 284 million metric tons in the final estimate of the season. This was 2 percent below the 291-million-ton record 1 year earlier.

The largest declines were in Africa and Asia, while South America, Eastern Europe, and the Soviet Union showed some increases.

Harvested area declined somewhat, with the United States accounting for about half the total decrease. Yield, however, continued trending sharply upward, reaching record levels in many countries.

Detailed statistics are carried in the June 29 issue of *World Agricultural Production and Trade.*

World Rice Crop Declines in 1972

World rice production in 1972 is estimated at 286 million metric tons, 4.6 percent below the record 1971 harvest.

Declines were general in rice-producing Asia, principally in India, Pakistan, China, and Thailand. Japan's rice crop was up 1.2 million tons, a result of an exceptionally high yield. Brazil's recent harvest also showed a substantial gain.

Detailed statistics appear in the June 29 issue of *World Agricultural Production and Trade.*

SUGAR AND TROPICAL PRODUCTS

Cocoa Prices Soar To Record Highs

Cocoa-bean prices on the New York Cocoa Exchange in May soared to their highest levels since August 1954. New York spot "Accra" cocoa-bean prices reached a near record 68.4 cents per pound on May 23, more than double year-earlier levels of 31 cents. July futures peaked on the following day at a high of 59.35 cents, the highest since August 1954, when September futures traded at a record 64.55 cents.

Cocoa-butter prices reached $1.56 per pound, compared with May 23, 1972, prices of 68.5 cents. Cocoa-bean spot prices have advanced 31 cents per pound since the beginning of the year, and rose over 12 cents from May 1 to the May 23 peak. However, speculative profit taking has trimmed values somewhat, and spot prices by the close of the month dropped to around 64 cents.

Cocoa futures on the London Terminal Market traded at an alltime high on May 24, briefly touching US$1,537 per long ton before receding. The previous record high on the London market was when May 1954 futures traded at US$1,425 per ton.

Cocoa prices on the London Terminal Market in recent weeks have been running ahead of those in New York because of the New York Cocoa Exchange's more stringent daily permissible trading limit of 1 cent per pound. This had caused problems with arbitrage trading and the Board of Managers of the New York Cocoa Exchange therefore ruled that effective June 4, the daily price-fluctuation limits would be changed to 2 cents a pound.

Although recent international monetary fluctuations have acted as a catalyst, the projected imbalance between supply and demand has been the major underlying factor in this year's sharp rise in cocoa prices. Many market analysts are forecasting as much as a 100,000-125.000-metric-ton stock drawdown in 1973, resulting from a 7-percent fall in world production and continued strong demand for cocoa.

Increased speculative activity in commodity futures—as traders move out of the stock market—has probably also been

a factor, but the strong cocoa market in recent weeks has been fueled by fears that continuing dry weather in West Africa and in Brazil, that had been mainly responsible for the lower 1972-73 harvest, will also have an adverse effect on the 1973-74 main crops to be harvested this fall. African crops are now moving into their critical development stage and lack of sufficient moisture will have a detrimental effect on flowering and subsequent pod development.

World cocoa bean production during the 1972-73 season has been revised downward from earlier projections to 1.45 million metric tons, well under the record 1971-72 crop of 1.57 million. World grindings in 1972 were estimated at a record 1.56 million tons, but in view of this season's smaller production and high cocoa prices, grindings in 1973 will probably decline somewhat.

Brazil Ends Soluble Coffee Agreement

Brazil has formally announced its termination of the Soluble Coffee Agreement of April 2, 1971, between Brazil and the United States. The Brazilian Government no longer considers it has an obligation to provide green coffee to U.S. soluble manufacturers under the terms of the Agreement after October 15, 1972. However, since International Coffee Agreement consultations were in progress until the middle of December, Brazil says it will ship the allocated amount for the quarter October 15, 1972-January 14, 1973.

Under the Agreement, Brazil was to ship 560,000 bags of green coffee annually to U.S. soluble manufacturers without an export tax.

As export quotas under the International Coffee Agreement were suspended December 12, 1972, Brazil considers the Soluble Coffee Agreement annulled.

Greece To Produce More Sugar in 1973

Greek sugar producers have expanded planted area of the 1973 sugarbeet crop by about 18 percent, compared with that of 1972. Planted area last year was nearly 56,000 acres, while sugar production was an estimated 118,000 tons.

This year's area increase was partly encouraged by a rise in producer prices from US$17.83 per metric ton in 1972 to US$19.30 per ton in Thessaly and about US$21 per ton in Macedonia and Thrace for the 1973 crop, based on a 16 percent sugar content. Producers may also benefit from lower production costs in 1973 resulting from the planting of better sugarbeet varieties.

Sugar imports increased from 20,000 tons in 1971 to 82,000 tons in 1972. It may be possible to cut foreign purchases in 1973 owing to the construction of the country's fourth sugar refinery near Xanthi, Thrace, and a fifth yet to be built near Orestias, Thrace.

FATS, OILS, AND OILSEEDS

Colombia Prohibits Soybean Meal Exports; Subsidizes Crushers

The Colombian Ministry of Agriculture recently announced a total prohibition on the export of soybean cakes and meals. Previously, exports of limited quantities had been permitted under licenses issued earlier in the year.

On May 11, the Government issued a tender for the importation of 15,000 tons of soybeans. In order to maintain low domestic meal prices, the difference between the cost of soybeans and the product selling price (domestic meal prices controlled at about $120 per metric ton) will be made up by a direct $180-per-ton payment to the crushing industry.

Spain Boosts 1973–74 Oilseed Price Supports

The Spanish Ministry of Agriculture has announced higher support prices for domestic oilseed production.

Sunflowerseed and safflowerseed will be supported during the 1973-74 crop year at a rate of $189 and $175 per metric ton, respectively, compared with 1972-73 rates of $180 and $166 per ton. Growers will also receive a 50-percent subsidy on the cost of seeds used for planting. (All figures are in U.S. dollars.)

In addition, the Ministry will support soybean production up to a total area of 37,000 acres "in order to evaluate the real potential of this plant in Spain." Official producer price of soybeans during the 1972-73 crop year was $4.28 per bushel and additional subsidies brought the total level of support to $6.14 per bushel.

The total level of support during the 1973-74 season will be raised to $7.12 per bushel. Trade sources reportedly doubt that the 37,000-acre target can be reached.

Canadian Foodstore Chain Tests Burger-Soy Mixture

A major food chain in Canada is running a test sale in an Ottawa outlet of what it calls Super Burger, a mixture of 75 percent meat extended with 25 percent soy protein. The sale of over 1,000 pounds was reported the first day the product was offered to the public. Super Burger was being sold for about 59 cents per pound, compared with 89 cents per pound for hamburger.

The Department of National Health and Welfare had previously prohibited the blending of more than 4 percent filler in food products, but food and drug inspectors had given the meat mixture their approval, provided it is labeled properly.

DAIRY AND POULTRY

Mexican Border Partially Opened For U.S. Eggs and Poultry

The Mexican border from Brownsville to El Paso has been reopened to the entry of U.S. eggs and poultry, according to a mid-May announcement from the Director of Veterinary Services of the Government of Mexico. This reopening of the border, affecting principally a carry-home traffic by Mexican residents, follows the successful eradication by the U.S. Department of Agriculture of a Texas outbreak of exotic Newcastle disease.

Although the Newcastle-quarantine area in southern California is being progressively reduced, the Mexican border from El Paso westward is closed to U.S. eggs and poultry.

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U.S. AGRICULTURE SALES TO JAPAN HEAD FOR $2-BILLION MARK

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limiting total trade, including a number of products shipped from the United States. On the other hand, the pressures of demand and trade talks with the United States and other countries, are loosening restrictions in some areas.

Japanese imports of **pulses** are controlled by quantitative restrictions (quotas) set by the Government. The import quotas vary with the size of the domestic crop and the anticipated demand schedule in such a way as to ensure the farmer a certain return on his production. Since 1963, total imports have varied between 138,000 and 222,000 tons and showed no significant trend. About 37,000 tons of these came from the United States in 1972. Likewise, pulse production has varied between 186,000 and 304,000 tons without a trend.

Fruit. Imports of oranges are subject to quantitative import restrictions as a measure to protect the Japanese orange growers from foreign competition, especially U.S. oranges. Neither grapefruit nor lemons are produced domestically, and the United States has supplied 99 percent of both since the quotas were removed (lemons in 1964, grapefruit in 1971). Removal of the quotas boosted U.S. lemon exports to Japan from 4,000 tons in 1963 to 79,000 in 1972, and grapefruit from 2,000 tons in 1970 to 91,000 in 1972.

Japanese imports of **beef** are also subject to quantitative import restrictions, which greatly boost beef prices in the domestic market. These imports totaled about 58,000 metric tons last year and came mainly from Australia. Purchases are expected to be increased to about 100,000 tons in 1973 as a result of Japan's continuing beef shortage.

Japanese **pork** production rose 3 percent in 1972 to an estimated 770,000 metric tons and will climb another 7 percent or so in 1973. Supply is not keeping pace with demand, however, despite the fact that imports have been free from quota restrictions since 1971 and the variable duty has been removed several times during the past year. The duty was waived between April 1 and November 1, 1972, when domestic wholesale prices for carcass pork passed the 1972 ceiling of 75 cents per pound (440 yen per kilogram), and again in early 1973.

IMPORTS OF PORK in 1973 are expected to soar nearly 18 percent to some 90,000 metric tons from last year's 68,000 and again include U.S. pork purchased when the Japanese duties were removed. Last year, 22,000 tons of the total was from the United States.

Production and imports of **poultry meat** are both rising rapidly in Japan as a result of burgeoning consumer demand. Per capita consumption jumped 20 percent in 1972 alone to an estimated 10 pounds per person, but this is still low compared with levels in the United States (about 50 pounds), Canada, and Western Europe.

Japanese production of poultry meat last year rose 15 percent to 621,000 metric tons (1.4 billion pounds), and output is expected to gain another 10 percent or more in 1973. Imports reached about 66 million pounds in 1972, with some 20 million coming from the United States, and are expected to climb sharply again in 1973.

Cotton, the dominant raw material of Japan's booming textile industry, is Japan's principal agricultural import. Competition is keen in this market, and last year the United States accounted for only 19 percent of Japan's 802,000-ton (3.7-million bale) import. This season, however, the United States is expected to fare better, supplying about 900,000 bales to the market, as a result of reduced availabilities from other major suppliers and more competitive U.S. prices.

There is a trend toward use of higher-quality cotton in Japan—a product which is competing favorably with man-made fibers.

Tobacco. Cigarette consumption has increased steadily in recent years in Japan, but the number of smokers (almost 80 percent of the male adults) has declined in 1972. Over two-thirds of the leaf used in Japanese cigarettes is domestically produced. In 1972, the United States supplied half of the imported leaf, which was blended into about three-fourths of the Japanese cigarettes produced. The Japan Monopoly Corporation controls imports of tobacco, which have increased from an average of 5 tons per year in the late 1950's to 60,000 tons in 1972.

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